



**April 22, 2010**

### **Senate approves retirement reforms to save \$3.1 billion**

Legislation to stabilize the public employee retirement system and help the state and schools save more than \$3.1 billion over the next decade was recently approved by the Michigan Senate.

The reform measures are part of the Senate Republican plan to address Michigan's \$1.3 billion budget shortfall without raising taxes. Republicans understand that the status quo is not sustainable. The initiatives will bring much-needed savings and financial stability to public education and control the cost of state government.

Both bills would require state and school employees to contribute at least 3 percent to their own retirement plan. This contribution would help minimize the need for layoffs by saving schools more than \$118 per pupil next year and filling the school aid hole.

Senate Bill 1227 will implement cost-effective changes to the public school retirement plan that could save \$211 million for the upcoming school year. SB 1226 would make similar reforms to the Michigan State Employment Retirement System and encourage eligible state employees to retire – resulting in more than \$35 million in savings next year.

The bills initially included the governor's proposed retirement incentive, a 1.6 multiplier, but it was removed because it would have cost schools \$500 million after 10 years.

Since 2000, it is estimated that wage and benefit compensation for Michigan public employees has increased 11.4 percent, while private-sector worker compensation is down 19.7 percent during the same period – a 31 percent difference.

The measures now advance to the House of Representatives for further consideration.

### **Senate panel opens hearings into MEDC tax credits**

The Senate Commerce and Tourism Committee recently convened its first hearing on the Michigan Economic Development Corporation's process of granting tax credits after the administration recently awarded a \$9.1 million business tax credit to a known felon, who was subsequently rearrested for having violated parole.

Richard Short, chairman of Renewable and Sustainable Companies LLC (RASCO), a so-called green energy company based out of Short's mobile home near Flint, was convicted in 2002 of embezzling money. Short was on parole when his company was approved for the \$9.1 million tax credit from

the state, which the company claimed it planned to use for renewable energy to provide power and other services to the developing world.

It is clear mistakes were made by the MEDC and the state must reassure taxpayers that similar errors do not happen again. The committee will review the facts in the RASCO case and previous Michigan Economic Growth Authority credits to make sure RASCO was an isolated incident and identify necessary reforms.

### **Senate health care freedom resolution defeated by Senate Democrats**

A Senate Republican resolution that would allow Michigan residents to assert personal freedom in providing their own health care was defeated by Democrats in the Michigan Senate.

To place the constitutional amendment on the ballot, Senate Joint Resolution K needed to be approved by two-thirds of both the Senate and House. With all 22 Republicans voting yes and a near unanimous Democrat caucus opposed, the resolution fell two votes short of passage in the Senate.

SJR K would allow voters to amend the state constitution to say that no federal law shall compel any person, employer or health care provider to participate in any public or private health care system. The resolution also says that the purchase or sale of health insurance or coverage in private health care systems shall not be prohibited by federal law or rule.

Senate Republicans were extremely disappointed that Democrats let partisanship stand in the way of doing the right thing. Providing for your own health care and making your own health care decisions is important and should be preserved.

The resolution was introduced to ensure personal health care choice where decisions are made by patients and doctors – not by bureaucrats in Washington, D.C. Similar resolutions are being considered by 41 other states.

### **Bills to strengthen Crime Victim's Rights Fund introduced**

A bipartisan plan has been introduced to strengthen the Crime Victim's Rights Fund and help victims of crime. If approved, the proposed laws would increase the assessments defendants are required to pay, fund a statewide trauma center and allow victims to receive more compensation.

Victims of violent crime have already paid dearly and they shouldn't have to worry about lost wages and the added expense of counseling and other services they need. Supported by assessments from criminal defendants, the fund helps victims of crime with compensation for lost earnings, funeral and burial expenses, and grief and psychological counseling.

Senate Bills 1002-1004 will help ensure these services are funded by increasing payments defendants are required to make. The bills are before the Senate Appropriations Committee.

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